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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Magalie Roman Salas
Secretary
Federal Communications Commission
1919 M St., N.W.
Washington, D.C. 20554

**Re: Federal-State Joint Board on Universal Service,
CC Docket No. 96-45 (Report to Congress)**

Dear Ms. Salas:

On behalf of the undersigned U.S. satellite companies, we submit this letter to address briefly certain issues in the Commission's report to Congress on universal service.

The Commission has struggled to interpret and implement a very complicated statute, and, in our view, has succeeded for the most part in determining which entities should be required to contribute to the universal service support fund. We continue to differ with the Commission's assessment of whether the public interest requires contributions from telecommunications (provided by satellite operators or others) that is not interconnected with the public switched network and has no nexus to the provision of universal telephone service. But we do not contest the Commission's statutory authority to mandate such contributions.

Indeed, the Commission -- appropriately -- has resisted calls to go beyond the limitations of the statute, and has declined to require universal service contributions based on non-telecommunications activities. Contrary to AT&T's unsupported assertion, 1/ the Commission correctly concluded that the provision of satellite transponders -- like the sale or lease of any other piece of telecommunications equipment -- does not constitute "telecommunications" because "satellite providers do not transmit information when they lease bare transponder capacity. Satellite providers, therefore, are not required to contribute to universal service on the basis of revenues derived from the lease of bare transponder capacity." 2/

1/ AT&T Comments at 6.

2/ *Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, Fourth Order on Reconsideration, FCC 97-420, ¶ 290 (released Dec. 30, 1997) ("*Fourth Recon. Order*"). On the other hand, the Commission did require satellite providers

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In sum, we recommend that the Commission state, in its report, that it faithfully carried out the will of Congress in this regard. 3/

Respectfully submitted,

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to contribute to the extent that they sell telecommunications services or other telecommunications. *Fourth Recon. Order*, ¶ 289.

3/ We do not take issue with UTC's argument that the provision of dark fiber, like the provision of satellite transponders, does not constitute "telecommunications" that can be subject to universal service contributions. UTC Comments at 3-4. UTC's incorrect assertions regarding the manner in which satellite transponders are provisioned, *id.* at 4, are irrelevant to the thrust of its argument.

Certificate of Service

I, David L. Sieradzki, certify that copies of the foregoing letter
regarding CC Docket No. 96-45 (Report to Congress) were provided to the following:

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